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FOR DEPASSTSECY BOSWORTH

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SUBJECT: YAMANI INTERVIEW

1. JOURNALIST EDWARD SHEEHAN, WHO IS DOING ARTICLE FOR
NEW YORK TIMES MAGAZINE SECTION, SAW MINPET YAMANI FOR ABOUT
FIVE HOURS SEPTEMBER 14 AND PASSED ON TO US YAMANI'S COMMENTS
ON THE VARIOUS SUBJECTS DISCUSSED AS FOLLOWS: (SHEEHAN ASKS
THAT INFO BE HELD IN DEPT AND NOT DIVULGED TO ANY OF HIS
COMPETITORS).

2. OIL PRICES. YAMANI SAID SAG OPPOSED TO SPECIAL OPEC
MEETING BEFORE DECEMBER BUT HAD NO OBJECTION TO PRICE
RISE IN JANUARY. SAG THOUGHT WORLD ECONOMY WOULD BE
ABLE ABSORB REASONABLE INCREASE OF 5-10 PERCENT. IRAQIS,
LIBYANS AND NIGERIANS WERE DEMANDING UP TO 30 PERCENT
RAISE AND THERE WOULD BE SERIOUS FIGHT AT DOHA, BUT SAG
WILL PREVAIL. OPEC WILL REMAIN STRONG AS LONG AS SAUDI
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RABIA DOES NOT PRODUCE AT ITS 12 MILLION BPD CAPACITY.

3. OIL CUTBACKS. YAMANI SAID THERE NO SERIOUS DEBATE WITHIN SAG ON PRODUCTION LEVELS; THERE WOULD BE NO REDUCTION BELOW 8.5 MILLION BPD LEVEL UNLESS THERE STRONG REASONS TO DO SO, OR EMERGENCY SITUATION. YAMANI SAID SAG WAS NOT LINKING OIL PRODUCTION OR PRICE TO PEACE EFFORTS, BUT NOTED THAT SAUDI ARABS' PATIENCE NOT NECESSARILY BOUNDLESS.

4. BOYCOTT. SAG WILL NOT CHANGE ITS LAWS, YAMANI SAID. PROBLEM WILL BE ONE FOR AMERICAN COMPANIES TO FACE, AND EVEN IF SAG DOESN'T RETALIATE, THEY WILL LOSE BUSINESS. SAG WOULD NOT RAISE OIL PRICE IN RETALIATION, AS THAT WOULD HURT EUROPEANS AND OTHERS MORE.

5. DEVELOPMENT PROBLEMS. SAG EXPECTS THAT, UNTIL INFRA-STRUCTURE BUILT UP, THERE WILL BE ABSORPTION PROBLEMS, WASTER AND CORRUPTION. BUT PROGRESS CAN'T WAIT UNTIL ALL BOTTLENECKS REMOVED. IT IS, HOWEVER, HAMRING SOCIAL STRUCTURE.

6. LEBANON. YAMANI SAID SAG IS NEUTRUAL IN ANY INTER-ARAB QUARREL; IT DOES NOT WANT A VICTORY OF THE RADICALS IN LEBANON BUT IS NOT SUPPORTING ANY FACTION. IT IS SENDING OIL TO MOSLEM AREAS AND TO SYRIA, HOWEVER, (SYRIANS ARE BEING CHARGED MARKET PRICES BUT HAD BEEN ADVANCED OVER \$500 MILLION-YAMANI SAID HE DID NOT HAVE THE FIGURE-IN LOANS TO PAY FOR THE OIL).

7. SAG AID TO EGYPT. SINCE 1973, THIS HAS TOTALLED \$11 BILLION, ACCORDING TO YAMANI.

8. YAMANI'S OFF-THE-RECORD ASSESSMENT OF PRINCE FAHD: PRINCE FAHD IS VERY AMBITIOUS, AND HAS A THIRST FORMORE POWER. HE WILL TRY TO FILL THE VACUUM CREATED BY FAISAL'S DISAPPEARANCE; HE IS INTELLIGENT, BUT NOT AS SYSTEMATIC IN HIS WORK HABITS AS FAISAL WAS. IS FAHD LAZY? WHEN DIS-APPOINTED, HE TENDS TO WITHDRAW FROM A TASK AND HENCE MAY SEEM LAZY; BUT HIS WITHDRAWAL FROM AFFAIRS IS ONLY BRIEF, AND IS MADE UP BY SUBSEQUENT APPLICATION HE WILL GIVE TO A JOB. HE LACKS FAISAL'S MORAL AUTHORITY, BUT LIMITED OFFICIAL USE

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THEN FAISAL HIMSELF DID NOT ACQUIRE THIS MORAL AUTHORITY OVERNIGHT. YAMANI HAD NO DOUBT THAT FAHD WISHED, EVENTUALLY, TO BECOME KING. HE COMMENTED ALSO THAT ALTHOUGH THERE WERE SOME DISAGREEMENTS WITHIN THE CIRCLE OF SENIOR ROYAL PRINCES ABOUT A YEAR AGO, A SATISFACTORY WORKING RELATIONSHIP HAS BECOME ESTABLISHED BETWEEN THE SENIOR MEMBERS OF THE ROYAL FAMILY, SPECIFICALLY INCLUDING PRINCE ABDULLAH.

9. WHO IS NUMBER 1: SPEAKING ABOUT KING KHALID, YAMANI SAID THE KING IS NOT, REPEAT NOT, STRONGER THAN EXPECTED, BUT IF HE SAYS NO ON AN ISSUE OR TO A QUESTION, NOTHING CAN HAPPEN. FAHD PROVIDES STRONG LEADERSHIP IN THE COUNCIL OF MINISTERS, AND TENDS TO RUN THE COUNCIL'S AFFAIRS WITH THE COOPERATION OF OTHERS IN THE CABINET, ESPECIALLY PRINCE ABDULLAH. THE LATTER COOPERATES FULLY WITH KING KHALID; PRINCE SULTAN IS NOT AS POWERFUL AS HE HAD BEEN BEFORE. AS FOR THE KING HIMSELF, HE IS TRULY A GOOD MAN, HONEST, WITH A GOOD HEART, AND IS LOVED BY ALL. HE HAS A "PRIMITIVE INTELLIGENCE" AND IT HAS NOT BEEN FORMALLY TRAINED BY SCHOOLING OR EVENTS. HE LOVES TO TALK, AND HE PERMITS OTHER MEMBERS OF HIS GOVERNMENT TO JOIN IN THE DISCUSSION--BOTH TRAITS DIFFERING SHARPLY FROM THE PRACTICE OF KING FAISAL'S TIME.

10. YAMANI'S WANING INFLUENCE? YAMANI THROUGHOUT WAS AT PAINS TO REFUTE RUMORS THAT HIS INFLUENCE IN THE GOVERNMENT IN GENERAL, AND OVER OIL AFFAIRS IN PARTICULAR HAD DIMINISHED SINCE KING FAISAL'S DEATH. HE SAID THIS WAS NOT TRUE AT ALL, AND THAT HE STILL BORE PRIMARY RESPONSIBILITY FOR FORMULATING THE KINGDOM'S OIL POLICY, AND THIS HIS RECOMMENDATIONS WERE VIRTUALLY SYNONYMOUS WITH THE KINGDOM'S OIL POLICIES.

11. COMMENT: WE NOTE AGAIN THESE ARE YAMANI'S OWN VIEWS THAT ARE BEING PASSED ON. HORAN UNQUOTE ROBINSON

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